

ASSEMBLY BILL

No. 326

Introduced by Assembly Member Blakeslee

February 10, 2005

An act to amend Section 270 of the Public Utilities Code, relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

AB 326, as introduced, Blakeslee. Telephone corporations: universal service.

Existing law, the federal Telecommunications Act of 1996, establishes a program of cooperative federalism for the regulation of telecommunications to attain the goal of local competition, while implementing specific, predictable, and sufficient federal and state mechanisms to preserve and advance universal service, consistent with certain universal service principles. The act authorizes states to adopt regulations not inconsistent with Federal Communications Commission rules to preserve and advance universal service. The act requires that every telecommunications carrier that provides intrastate telecommunications services contribute, on an equitable and nondiscriminatory basis, in a manner determined by the state, to the preservation and advancement of universal service in that state. The act authorizes each state to adopt regulations to provide for additional definitions and standards to preserve and advance universal service within the state, only to the extent that they adopt additional specific, predictable, and sufficient mechanisms that do not rely on or burden federal universal service support mechanisms.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations. Existing law authorizes the commission to fix just and reasonable

rates and charges. Existing law establishes the California High-Cost Fund-A Administrative Committee Fund, the California High-Cost Fund-B Administrative Committee Fund, the Universal Lifeline Telephone Service Trust Administrative Committee Fund, the Deaf and Disabled Telecommunications Program Administrative Committee Fund, the Payphone Service Providers Committee Fund, and the California Teleconnect Fund Administrative Committee Fund in the State Treasury and requires that the moneys in the funds be expended only to accomplish specified telecommunications universal service programs, upon appropriation. Existing law provides that moneys in the funds are the proceeds of rates and are held in trust for the benefit of ratepayers and to compensate telephone corporations for their costs of providing universal service.

This bill would provide that moneys in the funds are the proceeds of rates and are held in trust for the benefit of telephone corporation ratepayers and to compensate telephone corporations for their costs of providing universal service.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 270 of the Public Utilities Code, as
- 2 amended by Section 2 of Chapter 847 of the Statutes of 2004, is
- 3 amended to read:
- 4 270. (a) The following funds are hereby created in the State
- 5 Treasury:
- 6 (1) The California High-Cost Fund-A Administrative
- 7 Committee Fund.
- 8 (2) The California High-Cost Fund-B Administrative
- 9 Committee Fund.
- 10 (3) The Universal Lifeline Telephone Service Trust
- 11 Administrative Committee Fund.
- 12 (4) The Deaf and Disabled Telecommunications Program
- 13 Administrative Committee Fund.
- 14 (5) The Payphone Service Providers Committee Fund.
- 15 (6) The California Teleconnect Fund Administrative
- 16 Committee Fund.
- 17 (b) Moneys in the funds are the proceeds of rates and are held
- 18 in trust for the benefit of *telephone corporation* ratepayers and to

1 compensate telephone corporations for their costs of providing
2 universal service. Moneys in the funds may only be expended
3 pursuant to this chapter and upon appropriation in the annual
4 Budget Act or upon supplemental appropriation.

5 (c) Moneys in each fund may not be appropriated, or in any
6 other manner transferred or otherwise diverted, to any other fund
7 or entity.

8 (d) This section shall become operative on January 1, 2006.

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